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EL SALVADOR: Aircraft Destroyed

//The sabotage of military aircraft--apparently by guerrilla infiltrators or sympathizers serving on Air Force maintenance crews--critically weakens the government's already limited capacity to airlift supplies and troops, react to guerrilla thrusts, and provide air coverage to ground troops. Six of 14 UH-1H helicopters reportedly have been destroyed or severely damaged; most of the remaining eight are grounded awaiting repairs. El Salvador's 15 other helicopters are primarily light observation craft, unsuitable for airlifting troops. Five of 11 Ouragan aircraft are totally destroyed, eliminating one-third of the government's fleet of aging jet fighters. Three of eight all-purpose C-47 transport planes also have been damaged or destroyed.//

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Comment: The guerrillas have been planning widespread but localized campaigns aimed at disrupting the electoral process, seizing international headlines, and shaking the government's confidence. Having crippled the Air Force, at least temporarily, the insurgents may now undertake more ambitious offensive operations. Any general offensive is unlikely to develop momentum, however, given the apparent absence of guerrilla preparations and their continuing materiel shortages.

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NICARAGUA: Campaign of Repression

The Sandinistas have declared the eastern half of the country a restricted military zone in an effort to conceal the extreme measures they are taking to suppress antiregime activity there.

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//The government has begun a campaign of repression against Indians in the area.

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the Army has attacked Indian communities, killing and arresting many, and is now occupying some villages.//

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//Entire communities apparently have been moved away from the Nicaraguan-Honduran border and the vacated villages burned. This has caused many of the Indians to flee to Honduras. Travel to the area is being tightly restricted and news reporting is blacked out.//

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Comment: //These actions indicate extreme Sandinista concern over raids by guerrilla forces and the increased number of government casualties. Over the longer term, this repression could swell the ranks of the anti-Sandinista forces operating from Honduras as well as aggravate the separatist sentiment and hostility of the Indians who remain. It also could damage Nicaragua's current effort to gain a seat on the UN Commission for Human Rights.//

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EC: Actions on Poland

//EC members hope that their decision to take a few limited measures against Warsaw and Moscow will lessen US and European public pressure to adopt tougher restrictions.//

//With the exception of the Greek representative, EC Foreign Ministers on Monday approved the EC Commission's cancellation last week of subsidized food sales to the Polish Government. Eight of the ministers agreed to propose that the OECD slightly increase minimum interest rates charged the USSR under the export-credit consensus.//

//France deferred approval of the action after Finance Ministry officials questioned whether the matter fell under the competence of the EC. Paris is on record, however, as favoring the rate hike.//

//The Foreign Ministers also considered monitoring imports of Soviet luxury items and told the Commission to investigate future economic measures the EC could implement. They left open the possibility of asking the Commission to examine the importance and effectiveness of recent US actions against Poland and the USSR.//

//In addition, the ministers agreed that Western CSCE participants should assail Polish and Soviet policy when the meeting reopens in Madrid on 9 February. They rejected, however, the US position that the meeting should adjourn immediately after the debate on Poland.//

Comment: *//The EC remains anxious to avoid the possible economic and political consequences of more stringent restrictions. The EC members believe that the measures implemented by the US so far have required little sacrifice and have been primarily symbolic.//*

//EC members want to use the CSCE meeting to emphasize Western determination to end martial law in Poland and to camouflage their reluctance to go beyond rhetoric. They oppose US efforts to recess the session shortly after it resumes on grounds that continuing the talks will allow the West to keep pressure on Moscow.//

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//Although EC members do not believe progress toward a post-Madrid security conference is possible now, they do not want to take responsibility for killing the idea. Most believe that CSCE security concerns are more important than human rights issues Poland notwithstanding.//

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SYRIA-JORDAN: Increased Tension

The intensified propaganda attacks that Syria and Jordan are exchanging reflect their continuing disagreement over regional issues. [REDACTED]

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Jordan has accused Syria of masterminding a minor bombing in Amman on 11 January. Syria has countered by charging that the Jordanians allowed an armed band to cross the Syrian-Jordanian border and attack a Syrian Army patrol on 21 January. [REDACTED]

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Jordan also is at odds with Syria over the latter's military role in Lebanon, its support of Iran in the war, and its opposition to the Fahd peace plan. [REDACTED]

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Syria has long charged that Jordan has provided financial and material support to Muslim Brotherhood terrorists operating in Syria. In November 1980, Syria sent troops to the Jordanian border in an attempt to intimidate Jordan and disrupt an Arab summit in Amman. Moreover, the Syrians suspect that Jordan has formed an anti-Syrian alliance with Iraq and Saudi Arabia to isolate Syria in the region and exclude it from the peace process. [REDACTED]

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IRELAND: Government Crisis

//The unexpected defeat of Prime Minister Fitzgerald's minority government on the budget vote yesterday will lead to new elections within the next month.// []

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//The defeat was brought about by the defection of several independents who switched to the opposition. At issue were proposed tax increases aimed at reducing the country's \$2 billion deficit.// []

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//The government's previous austerity budget, passed last summer, has not held down inflation or unemployment, and recent polls point to substantial disenchantment with its economic policies. The polls also show the ruling Fine Gael-Labor coalition slightly ahead of the opposition Fianna Fail.// []

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Comment: //The government may attempt to use the defeat to get a majority in new elections. Fitzgerald almost certainly will claim that there is no alternative to his policy and will hope that his prospects will be better before new austerity measures take effect. He will also try to take advantage of recent internal problems within the Fianna Fail by charging that it has not offered its own economic program.// []

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//Northern Ireland is unlikely to become a major campaign issue, although Fitzgerald's opponents will attack his proposals for constitutional changes to make the Republic more attractive to Ulster Protestants. The election also will be the first major test for the new tactic of the Provisional Sinn Fein--the political arm of the Provisional Irish Republican Army--to contest parliamentary elections.// []

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SUDAN: Nimeiri Buys Some Time

Khartoum remains calm, and there is no indication that the recently purged senior Army officers or any other elements are preparing to move against President Nimeiri. [redacted] Nimeiri's removal of First Vice President Khalil has at least for now deprived the opposition of a rallying point. [redacted]

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Comment: Nimeiri's trip to Aswan for a brief meeting with Egyptian President Mubarak yesterday reflects his confidence that his hold on power is secure. His actions this week, however, have intensified his isolation. [redacted]

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USSR: Speedup of US Grain Deliveries

//The USSR has asked US grain firms to accelerate shipments of about 2 million tons of US grain bought during the fourth quarter of 1981 and originally scheduled for delivery through March. The grain is now to be shipped by late February or early March. [redacted] Moscow's fear of another grain embargo prompted the request.// [redacted]

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Comment: //The accelerated deliveries will add to the current congestion at Soviet grain ports. The USSR probably will not return to the US market until March, after all of the 12.5 million tons of US grain bought so far has been delivered. At that time, they are likely to insist on immediate delivery of any additional US grain they buy. They may try to purchase another 5 million or 6 million tons by 30 June, the end of the marketing year.// [redacted]

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BRAZIL-CUBA: Trade Prospects

A private Brazilian commercial delegation visited Cuba recently to talk to senior Cuban trade officials about sales opportunities for a wide range of Brazilian products. President Castro expressed a desire to re-establish economic ties, which were severed in 1964, and offered preferential treatment for Brazilian exports. Brazilian official spokesmen were aware of the trip, but denied authorizing the discussions. Diplomatic relations remain suspended and Brazil continues to prohibit direct exports to Cuba. [REDACTED]

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Comment: Brazil's economic pragmatism, which has already led to increased trade with the Soviets and East Europeans, probably is the primary motivation behind the recent contacts. Trial sales are likely--perhaps through a third country such as Panama--to reopen commercial ties without breaking Brazilian law. Weak sugar prices, however, will curb Cuba's ability to pay for imports. The Brazilian prohibition against direct trade precludes use of government commercial insurance and export financing facilities. The limited opportunity for trade over the near term probably will reinforce the strong opposition in Brazil to resuming trade or diplomatic relations with Cuba. [REDACTED]

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COLOMBIA-ISRAEL: Interest in Kfir Aircraft

//The Colombian Air Force is considering buying at least eight Kfir fighter aircraft from Israel in a package deal that would include spare parts and training. It still hopes, however, to receive more attractive bids from US or French manufacturers.//

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Comment: //The purchase of KFIRs would be a significant departure from the government's priority of mainly buying equipment used in counterinsurgency operations and of staying within the military budget. Reports of MIG aircraft going to Nicaragua and the proposed sale of US F-16 fighters to Venezuela, however, have heightened Colombian security concerns. Although Bogota and Caracas are engaged in a border dispute over oil rights in the Gulf of Venezuela, Colombian leaders are more concerned now about possible threats from Nicaragua and Cuba. The Castro regime has supplied arms to leftist guerrillas in Colombia, and relations with Nicaragua have been strained over Bogota's support for El Salvador's government.//

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LIBERIA: Student Protests

Security forces yesterday dispersed several hundred student protestors, the first such incident since Head of State Doe took power in 1980. The demonstrators, who apparently had planned to march to the US Embassy, were protesting the regime's arrest and trial last week of six leftist student leaders accused of criticizing and violating the ban on politics. [REDACTED]

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Comment: Doe is determined that student activists respect the ban, and he is unlikely to back down. Additional demonstrations or an overreaction to them by security forces could further weaken Doe's position, however, especially if slum dwellers were to become involved. [REDACTED]

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SPECIAL ANALYSIS

JAPAN: Next Step in Defense Planning

The defense planning process getting under way in Tokyo will have an important influence on Japan's military capabilities by the end of the decade. There are signs that party leaders disagree on how to proceed.

//Now that the cabinet has approved the defense budget for this year, the government is turning its attention to establishing goals for the FY 1983-87 period. The relatively large increase for FY 1982 resulted primarily from the leadership's concern about an adverse US reaction if Tokyo failed to honor the pledge Prime Minister Suzuki made last May to President Reagan that Japan would make greater efforts in defense.//

//The Japanese still see their armed forces less as a deterrent against Soviet aggression than as a means of placating the US. Tokyo's reading of the intensity of Washington's interest thus will be a key factor in formulating the five-year plan.//

The Midterm Operations Estimate

The estimate will specify the kinds and amounts of military equipment to be acquired over the next five years. This month the three services are scheduled to submit their individual plans to the Defense Agency, which will present a combined proposal to the cabinet's National Defense Council in March. This probably will be the most ambitious version of the plan because subsequent negotiations with other ministries are likely to lower equipment targets and spending estimates.

Suzuki and other party leaders are likely to approve the final version in July. The estimate will remain in effect until the next defense planning exercise in 1985.

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The Political Climate

Although the Prime Minister's fiscal austerity program is coming under fire, he is still pursuing it and would prefer that the estimate entail only a moderate increase in defense spending. He also has suggested to the Defense Agency that defense expenditures should be kept under 1 percent of GNP. [REDACTED]

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The 1 percent ceiling was established in 1976 to head off protests from opposition parties against the government's allegedly "limitless" rearmament program and has since become an important political restraint on defense spending. Even a moderate acceleration in defense spending increases probably would exceed the ceiling by 1986. [REDACTED]

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//Although it is still politically risky for a Japanese politician to advocate a dramatic increase in the defense effort, there are a few signs that public opposition to an incremental military buildup is beginning to erode. Despite heavy press criticism of the defense budget for this year, ruling Liberal Democrats at their annual convention last week passed a resolution that declared that a defense budget limited to 1 percent of GNP was "undeniably inadequate."// [REDACTED]

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//This contradiction of Suzuki's personal preference indicates that party pressure was instrumental in determining defense spending for 1982 and that Suzuki is a follower rather than a leader on the issue in his own party. The resolution also may presage a significant debate among party leaders over the pace of defense spending. Even the cautious Suzuki recently noted that Japan may not be able to adhere to the 1-percent ceiling much beyond 1987.// [REDACTED]

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